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April 23, 2007

FILED/ACCEPTED
APR 2 4 2007
Federal Communications Commission
Office of the Secretary

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

ORIGINAL

Re: **REDACTED – FOR PUBLIC INSPECTION IN WC DOCKET NO. 02-112 before the Federal Communications Commission**
Section 272(f)(1) Sunset d the BOC Separate Affiliate and Related Requirements

Dear Ms. Dortch:

In response to a letter dated March 13,2007, from Donald K. Stockdale, Associate Chief, Wireline Competition Bureau (Bureau), the Information Request attached thereto, and at the request of Bureau staff, AT&T Inc. (AT&T) hereby re-files all of its responses.

Much of the information contains material that is extremely sensitive from a commercial, competitive, and financial perspective, and that AT&T would not, in the normal course of its business, reveal to the public or to its competitors. **Where** appropriate, therefore, such material is being submitted on a confidential basis pursuant to the ***First Protective Order***[1] and the ***Second Protective Order***[2] in this proceeding and is appropriately marked. AT&T is filing the following responses subject to the ***Second Protective Order:*** 1.a., 1.a.i), 1.a.ii), 1.a.iii), 1.b., 1.c., 1.d., 1.e., 1.f., 1.h., 1.i.i), 1.i.ii), 1.j., 1.j.i), 1.j.ii), 2., and 4. All of these responses fall within the following category of "Highly Confidential Information": "revenues or numbers of customers disaggregated by customer type and a market area smaller than the nation . . . including carrier-specific E911 line count listings."[3] AT&T is filing the following response subject to the ***First Protective Order:*** 5. Accompanying AT&T's highly confidential information is a request for confidential treatment.

[1] *Section 272(f)(1)* ***Sunset*** *of the* ***BOC*** *Separate Affiliate* ***and Relafed Requirements,*** WC Docket No. 02-112, First Protective Order, DA 07-1387 (rel. March 23,2007) ***(First Protective Order).***

[2] ***Section*** *272(f)(1)* ***Sunset*** *of the* ***BOC*** *Separate Affiliate* ***and Related Requirements,*** WC Docket No. 02-112. Second Protective Order, DA 07-1389 (rel. March 23, 2007) (*Second Protective* ***Order).***

[3] ***Second Protective Order*** at para. 4. **As** discussed with FCC staff, AT&T has taken the additional step of masking the identity of unaffiliated providers in all of its responses.

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The confidential, non-redacted version of AT&T's response will be made available for inspection, pursuant to the terms of the two *Protective Orders,* as applicable, at the law offices of Sidley Austin LLP. Counsel for parties to this proceeding should contact Brendan McMurrer of that firm at (202)736-8135 to coordinate access after they comply with the terms of the FCC's *Protective Orders.* Parties seeking access to AT&T's confidential documents should **first** serve the Acknowledgement of Confidentiality on Mr. McMurrer at Sidley Austin LLP, 1501 K Street, N.W., Washington, D.C. 20005.

AT&T is separately filing with the Secretary a redacted version of this submission. Please do not hesitate to contact me if you require additional information.

Sincerely,

/s/ Frank S. Simone

AT&T Long Distance Data Request
WC Docket 02-112
4-23-07

Number	Request	Filing Dates
1. For each AT&T franchise area, provide:		
I a ATT ResLns 1a. The number of AT&T's retail residential wireline local exchange service lines:		3-29 4-6 supplement 4-17 correction
	i) The number of these lines for which AT&T is the presubscribed interstate long distance carrier.	3-29 4-6 clarification 4-17 correction
	Provide the number of these lines that are presubscribed to: (1) a AT&T usage per minute plan	3-29
	(2) a AT&T plan that includes a bucket of interexchange minutes	3-29
	(3) a AT&T plant that includes an unlimited number of interexchange minutes	3-29
	For each plan, provide the number of lines the number of interLATA long distance minutes	3-29
	For each plan, the average number of minutes used	3-29
	For each plan, standard deviation of minutes used.	3-29
1a. The number of AT&T's retail residential wireline local exchange service lines:	ii) The number of these lines for which each of Verizon, Sprint, or another long distance carrier is the presubscribed interstate long distance carrier.	3-29 4-6 correction 4-17 correction
1a. The number of AT&T's retail residential wireline local exchange service lines:	iii) The number of these lines for which there is no presubscribed interstate lung distance carrier.	3-29 4-6 correction
1b. The number of residential lines AT&T provides to resellers, and the name and corresponding line counts for the top three purchasers of resold lines.		3-28 4-6 clarification
1c. The number of residential UNE-L lines provided by AT&T, and the name and corresponding line counts for the top three purchasers of UNE-L lines.		3-28 4-6 clarification
1d. The number of residential lines that AT&T provides through negotiated commercial agreements, and the name and corresponding line counts for the top three purchasers of these lines.		3-28 4-6 clarification 4-9 correction
1e. The number of AT&T's retail residential DSL lines and the proportion of these customers for which AT&T does not also provide wireline local exchange service.		3-27
1f. By carrier, the number of residential access lines provided by facilities-based providers other than AT&T (e.g., E-911listings in which AT&T is not the underlying local exchange carrier.).		3-28 4-6 correction 4-17 correction
1g. An estimate of the total number of residential consumers relying upon over-the-		3-30 4-6 correction

top VoIP for all of their voice telecommunications needs by provider.		
1h. An estimate of the total number of residential consumers that subscribe to mobile wireless service instead of wireline local exchange service and long distance service.		3-27
1i. An estimate of:	i) AT&T's market share of presubscribed long distance services provided to residential customers, AT&T's market share of a local and long distance service bundles, and an estimate ofthe elasticity of demand for AT&T's long distance services.	3-30 4-6 supplement elasticity
1i. An estimate of:	ii) The chum rate for consumers switching among AT&T plans	3-30
	The churn rate for consumers switching to non-AT&T long distance services	
lj. The number of AT&T's residential mobile wireless subscribers.		
	i). Provide an estimate of AT&T's share of residential mobile wireless lines	3-27
lj. The number of AT&T's residential mobile wireless subscribers.		
	ii) Provide an estimate of the proportion of AT&T's residential mobile wireless subscribers that subscribe lo AT&T's mobile wireless service instead of a wireline local exchange service and long distance service.	3-27
2. For each AT&T franchise area, provide the number of retail residential wireline lines for which AT&T is the presubscribed interstate long distance carrier but not the local exchange carrier.		3-30 4-6 clarification 4-17 correction
3. Define each retail and wholesale business customer class to which AT&T sells domestic and international interLATA telecommunications services.	List and define each domestic and international interLATA telecommunications service (e.g., long distance voice, long haul traffic, private line, ATM, Frame Relay, TI, T3) that AT&T sells to each of these customer classes.	3-28
4. For each AT&T franchise area and each metropolitan statistical area in AT&T's franchise area, provide for each business customer class (e.g., small, medium. and large enterprise customers) and each service class (e.g., long distance voice, ATM, Frame Relay. TI and T3), an estimate ofthe market share of revenues (or some other generally accepted unit of measurement) for AT&T and for each of AT&T's competitors		3-30 4-h correction add 0-4 category
5. For the nation as a whale,		
5.a. Provide far national, multi-locational large enterprise customers purchasing long distance voice services. an estimate of AT&T's market share of revenues (or some other generally accepted unit of measurement) and an estimate ofthe market share of each of AT&T's competitors.		3-29
5. h. Provide far long haul services, an estimate of AT&T's market share of revenue (or some other generally accepted unite of measurement) and an estimate of the market share of each of AT&T's competitors		3-29

1.a. For each AT&T franchise area, provide: The number of AT&T's (including legacy AT&T's, legacy BellSouth's, and legacy SBC's) retail residential wireline local exchange service lines.

Response: **See** attached.

Attachment 1.a.

Table(s) Redacted in Full

I.a.i) For each AT&T franchise area, provide: The number of these lines for which AT&T is the presubscribed interstate long distance carrier. **Also** provide the number of these lines that are presubscribed to: (1) an AT&T usage per minute plan: (2) an AT&T plan that includes a bucket of interexchange minutes; and **(3)** an AT&T plan that includes an unlimited number of interexchange minutes. For each individual plan, provide the number **of** lines, the total number of interstate interLATA long distance minutes, **the** average number of minutes used, and the standard deviation of minutes used.

Response: See attached.

Attachment 1.a.i)

Table(s) Redacted in Full

1.a.ii) For each AT&T franchise area, provide: The number of these lines for which each of Verizon, Sprint, or another long distance carrier is the presubscribed interstate long distance carrier.

Resoonse: See attached.

Attachment 1.a.ii)

Table(s) Redacted in Full

1.a.iii) For each AT&T franchise area, provide: The number of these lines **for** which there is no presubscribed interstate long distance carrier.

Resuonse: See attached.

Attachment 1.a.iii)

Table(s) Redacted in Full

1.b. For each AT&T franchise area, provide: The number of residential lines AT&T provides to resellers, and the name and corresponding line counts **for** the top three purchasers of resold lines.

Response: See attached

Attachment 1.b.

Table(s) Redacted in Full

1.c. For each AT&T franchise area, provide: The number of residential UNE-L lines provided by AT&T, and the name and corresponding line counts for the top three purchasers of UNE-L lines.

Response: See attached

Attachment 1.c.

Table(s) Redacted in Full

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1.d. For each AT&T franchise area, provide: The number of residential lines that AT&T provides through negotiated commercial agreements, and the name and corresponding line counts for the top three purchasers of these lines.

Resoonse: See attached.

Attachment 1.d.

Table(s) Redacted in Full

1.e. For each AT&T franchise area, provide: The number of AT&T's retail residential DSL lines and the proportion of these customers for which AT&T does not also provide wireline local exchange service.

Response: See attached.

Attachment 1.e.

Table(s) Redacted in Full

REDACTED – FOR PUBLIC INSPECTION

1.f. For each AT&T franchise area, provide: By carrier, the number of residential access lines provided by facilities-based providers other than AT&T (*e.g.*, E-911 listings in which AT&T is not the underlying local exchange carrier).

<u>Response</u>: See attached.

Attachment 1.f.

Table(s) Redacted in Full

1.g. For each AT&T franchise area, provide: An estimate of the total number of residential consumers relying upon over-the-top VoIP for all of their voice telecommunications needs, by provider.

Resuonse: AT&T has not prepared for its internal purposes an estimate of the total number of residential consumers relying on over-the-top VoIP service. As Qwest explained in its response to the same specification, over-the-top VoIP providers are generally not regulated[1] and do not **file** subscriber line counts by state.[2] Consequently, obtaining reliable data about such providers is a challenge. AT&T is currently investigating what data could be created by third-party firms that would be responsive to this specification. AT&T will supplement its response if it is able to obtain such data.

[1] *Cf. Universal Service* ***Contriburion*** *Methodology,* **et** *al.*, WC Docket No. 06-122, Report and Order and Notice of Proposed Rulemaking, FCC 06-94 (rel. June 27,2006) (requiring interconnected VolP providers to contribute to the federal universal service fund).

[2] *See* Letter from Melissa Newman, Qwest, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 05-333 (filed Jan. 16, 2007).

1.h. For each AT&T franchise area, provide: An estimate of the total number of residential consumers that subscribe to mobile wireless service instead of wireline local exchange service and long distance service.

Response: See attached. AT&T has not prepared for its internal purposes an estimate of the number of residential consumers in its franchise areas who subscribe to mobile wireless service instead of wireline local exchange service and long distance service (*i.e.*, the number of residential consumers in AT&T's franchise areas who have "cut the cord"). AT&T relied on several sources to create the state-wide estimates contained in the attached table, including a FCC-compiled document available at: http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/lcom1205_tables.xls, as well as the attached third-party reports.

MARKET ANALYSIS

U.S. Wireless Consumer 2006–2010 Forecast: Ways Around the Walls Ahead

Scott Ellison
Julien Blin
Lewis Ward

IDC OPINION

Although the U.S. wireless service provider industry rocketed ahead in 2005 and added approximately 21.8 million subscribers and passed the 200 million subscriber mark, 2006 opens with the industry rapidly approaching key turning points or potential "walls" that will challenge the service provider industry as a whole. First is the impact that fewer annual net new subscribers will play, which will force the service provider industry to focus *on* total average revenue per user (ARPU) and operational metrics like cash cost per user. Second is the role that mobile virtual network operators (MVNOs) will play as they enter the market and focus primarily on underserved but data-friendly market segments and generally increase the overall level of competition and place further downward pressure on ARPU. Third is the role that continued voice ARPU erosion continues to play, which poises the industry to experience a forecast decline in total voice revenue beginning in the 2008–2009 time frame, when net subscriber adds are unlikely to be able to offset continued voice ARPU erosion. Fourth is data services pricing erosion that emerged in 2005 — specifically in SMS and laptop AirCard access — and that will likely extend into more advanced forms of data services over the forecast period. And fifth — and perhaps most controversial — IDC believes that wireless service providers *must* embrace mobile advertising to their customers to better control end-user experiences with such advertising and to generate additional nonvoice revenue. On the positive side, IDC sees clear paths forward or "ways around" these potential "walls' for the wireless service provider industry. First and foremost. creating better end-user experiences with data drives additionel data adoption and usage — therefore IDC believes that improving data experiences will drive further data adoption and revenue higher at the end of the forecast period. Successful MVNOs will be bought by more established players. creating a potentially more stable pricing environment. And mobile advertising is a completely untapped market opportunity with substantial revenue opportunities. IDC highlights the following guidance to its clients:

- Slowing subscriber growth and continued voice ARPU erosion mean total voice revenue should begin to decline in the 2008–2009 time frame.
- Overall competition levels will increase with the operational entry of MVNOs, placing additional downward pressure on voice and data ARPU.
- Total average ARPU should remain generally steady over the forecast period as strong data services growth just barely offsets continued voice pricing declines.
- Wireless providers will need to play an active role in mobile advertising to better influence customer experiences and develop new revenue streams.

Filing Information: March 2006, IDC #34960, Volume: 1, Tab: Markets